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28 July 1972

MEMORANDUM FOR: Chief, E&PD

SUBJECT : Annual Management Report

1. Forwarded at your request is this Staff's submission to the Annual Management Report. This is the final report; no interim report will be filed, per discussion.

2. It is noted that the new format is not conducive to analysis and interpretation of the activities of this Staff, which as a research element is not totally "production oriented." For reasons stated earlier, we must rely on a continuing, often daily, review of work in progress as new priority tasks are received, to determine which efforts will survive, continue in deferred status or be discontinued for manpower reasons. Thus, specific annual goals are generally meaningless to effective management of this Staff. For the same reason, it is difficult to reflect any discontinuance of work on highly important, but lesser priority, tasks as an "accomplishment," when such runs counter to the charter of this Staff.



Chief, Security Research Staff

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SECURITY RESEARCH STAFF ANNUAL MANAGEMENT REPORT

Section I - Management Reviews

Description of Procedures Established to Conduct Management Reviews:

a. Policy - Policy governing the operations and activities of the Security Research Staff are established by the Director of Security. Review is the responsibility of the Chief, SRS.

b. Objectives - The Security Research Staff is tasked with the mission within the Office of Security to collect, develop and evaluate information for the purpose of detecting and preventing penetration of the Agency for foreign or domestic sources; to maintain liaison within the Agency and with other government agencies to assure free flow of sensitive CI information; to conduct research in loyalty cases; and to review and evaluate security records of Agency employees to guard against penetration and defection. The Chief, SRS, as his command responsibility, seeks to provide the fullest coverage possible, within manpower and budgetary limitations, of the stated operational objectives, and, of urgent necessity, conducts regular and continuing management review to achieve maximum performance of priority tasks and lesser emphasis on tasks of lesser priority.

c. Review approach - In addition to normal command supervision, the Chief, SRS, tasks each Branch Chief for a formal annual report, tasking them to review all Branch activities; the authority for such activity; the priority of each activity in relation to other requirements levied upon the Branch specifically, and the Staff in general; determination as to which of the activities are of lesser priority in relation to the over-all Staff effort, those which present continuing problems as a result of manpower and budgetary constraints, those which present a high degree of potential embarrassment or potential for compromise of Agency sources and methods should they become a matter of public knowledge; and an assessment to determine which projects and activities can and should be eliminated or relegated to a lower priority of consideration without seriously impairing the effectiveness of the Staff in accomplishing its counterintelligence mission, with full evaluation of the counterintelligence risks to the Agency and the U.S. Government which would result from either selective or blanket reduction in the activities of the several branches.

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Management Review Plans for the Current Year

The management review plans for the current year include the specific, formal tasking of the several branches of SRS as described above, to assist the Chief, SRS in analysis of both objectives and operations. All operations of the Staff, not just major ones, are examined in the process, since the proper use of manpower hinges on such a thorough review.

Operating Program Objectives - Past Year

There has been no change in the management review of operating program objectives.

Major Operations - Past Year

There have been changes of emphasis and direction of manpower and other resources during the past year, occasioned by both management review by the C/SRS and analysis of opposition thrust.

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Section II - Priority Improvement Projects
(Cost and Management Goals - 1971)

This Staff reported in 1971 that it found it difficult to project management effectiveness goals which could be subject to quantitative measurement. It was also noted that certain 1970 management reforms, which presented certain sacrifices, if not dangers, to Staff programs, had not succeeded in the goal of merely "keeping up" with priority tasks and input. Even more drastic management reforms contemplated in the 1971 report have not succeeded in allowing an equitable match between limited budget and manpower and priority tasks, and analysis indicates that we only managed to "keep our heads above the water," the only goal established in the 1971 report.

This Staff has no submission regarding the above which can be identified and analyzed along the lines of the suggested format of Section II; however, the following operational goal is being studied and implemented, and is reported for your information.

Activity: The establishment of a geographical/time frame system containing pertinent material of counterintelligence interest. This system will form a viable data base for the rapid recovery of information of counterintelligence interest to clarify the counterintelligence situation at specific times and places of interest with provision for new input as acquired.

Purpose: To lessen duplication of effort in matters where the information has already been developed and/or explored in previous cases. Savings of manpower and funds through this system will be of a "hidden" nature, since savings will be re-employed in other priority work.

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Section VI - Productivity Improvements

1. Planned for the current Fiscal Year

Establishment of a geographical/time frame system (Details in Section II)

Lessen duplication of effort.

2. Past Year

Reduction in frequency of confidential source contacts, per source.

Allowed case officer to add additional sources to program, utilizing reduced frequency of contacts with established sources to devote time saving for new source contacts. Not suitable for quantitative analysis.

Conversion of roving liaison to "home base" liaison, resulting in increased liaison by secure phone rather than live contact.

Allowed liaison officer to devote more time to other priority work, time ordinarily consumed in liaison travel, etc. Not suitable for quantitative analysis.

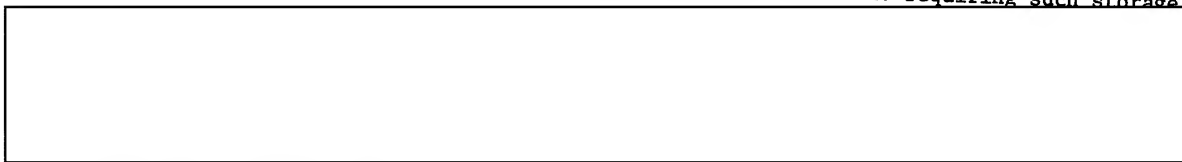
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Section VII - Financial Accomplishments and Plans
(Cost Reduction)

During the Fiscal Year just ended, this Staff, of necessity, performed within its budgetary allocation. During the reporting period, one professional position, with a cost factor of about \$22,000 annually, was eliminated by direction. The elimination of this much-needed position, although reducing costs, can in no way be described as an "accomplishment"; however, certain accomplishments, not appropriate for the format analysis requested, are reported for information.

Through destruction of materials, etc., two four-drawer safes were emptied of classified information and became available for new classified materials requiring such storage



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Furniture, acquired through Agency channels as surplus, has been used to furnish an existing safehouse. This allowed the cancellation of a rented furniture contract with a saving of \$600 per year.

Other than continuing the strict imposition of economic measures when and where possible, this Staff has no plan for specific cost reduction during the new Fiscal Year, and no deadlines are applicable.

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Section VI. Productivity Improvements

Function The installation, repair, and maintenance of security alarm systems in all Agency buildings in the greater Washington area.

Improvement Prior to 1 July 1971 the 650 plus security alarm systems in the Washington area were installed and repaired under contract at a FY-71 labor cost of about \$65,000. Subsequent to 1 July 1971, this function was assumed by two engineers and three technicians of this office whose total yearly salary is about the same as the yearly labor cost of the old contracts. Since assuming this responsibility these five men have provided 24-hour response to alarm problems, substantially upgraded a significant number of systems, reduced false alarms and held the number of inoperative systems to a minimum. In addition, they have installed and maintained a completely new perimeter alarm on the fence of the Headquarters compound and have also repaired and maintained the closed circuit television system protecting the Headquarters Building and grounds. A labor contract for the last item above would be on the order of \$15,000 a year.

In the foreign area this group last year participated in four overseas trips in support of the Technical Division, OS, providing about 16 man-weeks of technical assistance.

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Section VII. Cost Reduction Accomplishments

- A. Action Established a security declassification procedure for two NPIC used "Fast-Rand drums resulting in a savings of \$317,480.



- B. Action Changed the specifications for securing the dedicated signal floor cells which will house the gray line telephone cables upon removal of the All Source Center's turnstile barriers. The new specification, equally secure, involves the securing of the holes into the signal cells with the existing cover plates and "shoe boxes" which, in turn, are riveted to the cell.

Achievement The original security specification called for procuring over 1600 special new cover plates for the floor cells as well as about 500 special terminal inserts at an

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EXEMPT FROM GENERAL DECLASSIFICATION
OF E. O. 11652, EXEMPTION CATEGORY:
§ 59(1), (2), (3) or (4) (check one or more)
AUTOMATICALLY DECLASSIFIED ON

Approval of the DCI
(unless impossible, insert date or event)

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FY/973
per C/ASD (WK)
8/2/72
\$ 75,000-82

estimated cost of at least \$48,000. The total cost of securing the cells was budgeted at \$110,000. By changing the security specification, the entire equipment cost of \$48,000 plus a substantial part of the \$62,000 estimated labor cost will be saved.

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Section II - Priority Improvement Projects

1. Preventative Maintenance.
2. To insure proper functioning of all security equipment.
3. Summary of improvement approach.
 - a. The intent of this program is to inspect all security equipment and perform preventative maintenance as necessary to insure continued proper functioning.
 - b. The program was initiated with the objective that servicing could prevent more serious problems from occurring.
 - c. The program has proven its value merely by finding a number of safes which would have been definite "lockouts" had not the trouble been found in time.

4. Performance Indicators: * PERFORMANCE.....	 OBJECTIVE.....	
	<u>Base Year</u>	<u>Past Year</u>	<u>Past Year</u>	<u>Current Year</u>
	FY 1971	FY 1972	FY 1972	FY 1973

Service (Items/Systems Inspected)	819	996	901	991
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* Other categories do not equate to this activity.

5. Assessment of Performance.

With increased experience and continuous training, the headquarters based security equipment specialists are able to accomplish more in a given period of time.

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